

1 than leaving that role to others who might have
2 less experience trading."

3 Do you see that?

4 A. I do.

5 Q. Okay. Can you explain what you mean by
6 this?

7 A. Sure. In institutional trading, when
8 someone is buying or selling an asset, there's
9 generally a preference to minimize market impact,
10 which is to say minimize the footprint or the --
11 or the effect that one's buying or selling has on
12 the market price. And someone inexperienced in
13 trading may not be able to do that effectively
14 whereas someone experienced, an experienced
15 institutional trader, is aware of techniques to
16 minimize the impact on the price. And one such
17 technique would be using a specified percentage of
18 the overall volume.

19 Q. And is that -- would the intent be to
20 alleviate some of the issues that you were
21 discussing before about the negative impacts on
22 liquidity and price and volume?

23 MS. BUNTING: Objection.

24 MR. HORTON: Objection.

25 A. When you say "would the intent be" --

1 can you rephrase the question?

2 Q. Sure.

3 So would the benefit of having this type
4 of algorithmic market making be to -- to alleviate
5 some of the issues that you talked to -- talked
6 about throughout today about -- about the negative
7 impact that OTC sales have on liquidity?

8 MS. BUNTING: Objection.

9 A. I thought this was a more sensible and
10 more typical way to go about these transactions
11 than -- than OTC sales.

12 Q. And why -- why is that?

13 A. For a number of reasons. One reason is
14 that it's programmatic so selling -- having a
15 third party sell 3 percent of volume consistently
16 I found to be preferable than having Ripple Labs
17 itself choosing discrete moments in time to
18 transact. I thought doing this on an arm's length
19 basis was more customary for this sort of
20 transaction in financial markets generally.

21 And I thought that, as we discussed
22 earlier, having the volumes occur in the public
23 market I thought benefited my goal, the company's
24 goal, of encouraging a more liquid market.

25 And I thought that doing it as a

1 percentage of volume, particularly such a low
2 percentage of volume, was unlikely to have any
3 material impact on the market price and it was a
4 controlled way of effecting these transactions.

5 Q. Okay. And did Ripple look to have
6 similar relationships with other market makers?

7 MR. GULAY: Objection.

8 A. At points in time I do recall
9 contemplating whether other types of these
10 relationships should be pursued, but I'm not aware
11 of Ripple pursuing any other types of
12 relationship -- any other relationships of this
13 type with other firms.

14 Q. But you had discussions about pursuing
15 similar relationships with other firms?

16 A. I remember that was contemplated at
17 points in time, yes.

18 Q. With which other firms?

19 A. I think it was -- I recall generally and
20 broadly contemplating it, but I don't recall
21 taking steps to actually do it.

22 Q. And -- and do you have an understanding
23 of why steps were not taken to actually do it?

24 MR. HORTON: Objection to form.

25 A. No, I don't recall.

1 Q. And was the intent of this, the
2 market-making bot with GSR, as you say in your
3 e-mail, another way to monetize Ripple's XRP
4 holdings?

5 MS. ZORNBERG: I'm sorry, can
6 you -- can you read that question back? I
7 just didn't hear you.

8 MS. STEWART: Sure.

9 Q. Was -- was the intent of the GSR
10 market-making bot to monetize Ripple's XRP hold --
11 holdings?

12 MR. HORTON: Objection to form.

13 A. The intent of the bot was to both buy
14 and sell making markets; but whereas a typical
15 market-making program would seek to be neutral and
16 have no position at the end of a period of time,
17 this bot sought to net sell XRP exchange for
18 dollars and that was the -- That was the goal of
19 it.

20 Q. Okay. So similar to the goal of the OTC
21 sales?

22 A. Yes.

23 MS. STEWART: Can I get 26 next?
24 Nicole, that's PR-26.

25 (Whereupon, exhibit is presented

1 and marked SEC Rapoport Exhibit PR-26 for
2 identification.)

3 (Pause)

4 THE WITNESS: Okay.

5 BY MS. STEWART:

6 Q. Okay. So -- I can't remember if I read
7 the Bates numbers for the record. I don't think I
8 did. PR-26 is Bates numbered RPLI_SEC 842618 to
9 20.

10 So I want to look at your e-mail to
11 Ms. Long at the top of page 1.

12 Who is Monica Long?

13 A. She was -- I believe her title was head
14 of communications or something to that extent.

15 Q. Okay. And -- and here is -- is
16 Ms. Long -- Ms. Long is -- is forwarding you a
17 communication she's having with a reporter, is
18 that right?

19 A. That's my understanding, yes.

20 Q. Okay. And you say to her in your e-mail
21 "I'd be careful saying XRP is not an investment
22 asset. It certainly is and we're pitching it to
23 investors. At the end of the day, our biz model
24 is predicated on people buying it. We can still
25 say that we don't encourage investment in XRP or

1 hype it at all."

2 Do you see that?

3 A. I do.

4 Q. Okay. Was that statement from you
5 accurate at the time in 2014?

6 A. Is it okay if I parse the individual
7 statements in there? There's a lot of statements.

8 Q. Sure.

9 A. So I do think it's accurate that we
10 don't encourage investment in XRP or hype it at
11 all. And I think that's echoed by her e-mail at
12 the bottom to the reporter saying "I suggest not
13 encouraging readers to buy XRP, given that it is
14 more of an enabler than an investment asset."

15 I do think that it was accurate in the
16 early days of the company that our business model
17 is predicated on people buying it, meaning buying
18 XRP. As I mentioned earlier, I think the seed
19 investors were investing in a company that was --
20 there was -- it was unclear where the technology
21 could be applied or would be applied in the
22 financial system and that the expectation of early
23 investors was that -- the business model was that
24 XRP may appreciate in value as a result -- as a result
25 of the technology being adopted.

1 The statement that "XRP is not an
2 investment asset," that doesn't seem like language
3 that I would typically use and so I believe that I
4 was likely mirroring her use of that language at
5 the bottom, but I'm not really sure what that
6 means in a -- I mean, you could buy it, but I'm
7 not really sure what -- what "investment asset"
8 means.

9 Does that answer your question?

10 Q. Yes. Thank you.

11 So you referenced in your prior answer
12 seed investors.

13 When were the seed investors that you're
14 referring to invest in Ripple?

15 A. These are seed investors in Ripple Labs,
16 Inc. or OpenCoin Inc. at the time.

17 Q. Uh-huh.

18 A. I don't know the date that that
19 occurred. It was likely in 2012 and predated my
20 time at the firm.

21 Q. Okay. So when you say here in 2014 "it
22 certainly is and we're pitching it to investors,"
23 you're not referring to seed investors, right?

24 A. No.

25 Q. Okay. So you're referring to the

1 efforts that you are involved in in 2014 that
2 we've talked about throughout today, right?

3 MR. GULAY: Objection.

4 MR. HORTON: Objection to form.

5 MS. BUNTING: Objection.

6 A. I believe this refers to conversations
7 with people that are interested in purchasing XRP.

8 Q. Okay. Did the seed investors in Ripple
9 Labs include Mr. Larsen?

10 MS. BUNTING: Objection.

11 MS. STEWART: What's the
12 objection?

13 MS. BUNTING: What do you mean by
14 "seed investors"?

15 MS. STEWART: Well, we've been
16 talking about seed investors. It's his
17 term.

18 MS. BUNTING: You can explain it
19 in the question as well.

20 MS. STEWART: Well, I think he
21 understands it since he used it.

22 MS. BUNTING: Well, I don't
23 think he can.

24 BY MS. STEWART:

25 Q. Go ahead, you can answer.

1 A. I'm not sure if he invested money in the
2 seed round of OpenCoin.

3 Q. I'm sorry, say that again.

4 A. I'm not sure whether or not he put
5 his -- his own money into the company. He
6 invested his time, certainly.

7 Q. Okay.

8 MS. STEWART: Thirty-four,
9 please.

10 PR-34 is the next exhibit,
11 Nicole, and that's Bates numbered
12 RPLI_SEC 882487 to 89.

13 (Whereupon, exhibit is presented
14 and marked SEC Rapoport Exhibit PR-34 for
15 identification.)

16 (Pause)

17 THE WITNESS: Okay.

18 BY MS. STEWART:

19 Q. Okay. So is it fair to say that -- that
20 in this e-mail, Ms. -- Ms. Long is forwarding you
21 a draft statement and then you're commenting on
22 that statement?

23 A. Yes.

24 Q. Okay. And what was the purpose of this
25 statement?

1 MR. GULAY: Objection;

2 foundation.

3 A. This was a statement describing a
4 settlement or the restrictions that Jed McCaleb,
5 one of the founders of OpenCoin or Ripple Labs,
6 announcing restrictions that he was agreeing to on
7 his personal XRP holdings.

8 Q. Okay. And you say in your e-mail, I
9 guess in the third bullet that starts with "In
10 exchange for," do you see that bullet?

11 A. Yes.

12 Q. Okay. You say sort of in the middle of
13 the paragraph: "I'd think the main goal is to
14 restore confidence in the market that founders
15 won't dump, so people feel comfortable owning
16 XRP."

17 Do you see that?

18 A. Yes.

19 Q. Okay. And what did you mean by that?

20 A. Jed McCaleb was a significant holder of
21 XRP and he made an announcement at some point in
22 time prior to this date that he would sell his
23 significant holdings at a specific price, which I
24 think was done in a deliberately destructive way
25 to market confidence.

1 And this overhang resulting from that
2 was a frequent topic that came up over the period
3 of time that it existed. And so that's -- my
4 sentence here is -- is in reference to that, that
5 backdrop.

6 Q. And when you say "market confidence"
7 in -- in your prior answer, what are you referring
8 to?

9 A. If the market is aware that there's a
10 very, very large seller at a certain price, it
11 stands to reason that the price would not likely
12 rise above that level without very, very
13 significant buying pressure.

14 Q. Okay. So a dump, like what you're
15 referring to here, by the founders would
16 negatively impact the price of XRP?

17 MS. BUNTING: Objection.

18 A. Selling -- public -- publicly announcing
19 of selling of very large holders negatively
20 impacts market prices. That's generally true.

21 Q. And that would negatively im -- impact
22 market confidence?

23 A. Yes.

24 Q. I want to shift gears a bit and talk
25 about your time at [REDACTED].

1 Can you remind me the -- the dates that
2 you were employed at [REDACTED]?

3 THE WITNESS: Is that...

4 MR. HECKER: Counsel, can you
5 make a proffer as to the relevance of his
6 [REDACTED] time?

7 MS. STEWART: Sure. Why don't we
8 go off the record?

9 THE VIDEOGRAPHER: Going off the
10 record.

11 MS. ZORNBERG: Why off the
12 record?

13 MS. STEWART: Because I don't
14 understand why I need a proffer to ask
15 questions. I mean, they will concern XRP.

16 MR. HECKER: Okay. Why don't you
17 start answering the question.

18 MS. STEWART: Okay.

19 A. I started working there in --

20 MR. GULAY: Are we on the record?

21 THE VIDEOGRAPHER: Yeah.

22 MR. GULAY: Okay.

23 A. I started working there in 2015. And
24 the exact date when I stopped, I'd have to check
25 because there was a period of time when I stopped

1 going full-time and continued to have a noncompete
2 and provide services to the company, but it was
3 sometime around 2020.

4 Q. Okay. What is [REDACTED]?

5 MR. HECKER: Objection to form.

6 A. [REDACTED] -- are you referring to

7 --

8 Q. Not -- not the street.

9 What is [REDACTED]?

10 A. [REDACTED] is a
11 investment vehicle that [REDACTED] managed.

12 Q. Okay. Does [REDACTED] invest in
13 XRP?

14 THE WITNESS: I'm sorry, I'm just
15 not --

16 MR. HECKER: Shall we take a
17 two-minute break? Why don't we take a
18 two-minute break, yeah.

19 THE VIDEOGRAPHER: Okay.

20 MS. STEWART: Okay.

21 THE VIDEOGRAPHER: Going off the
22 record at 5:17.

23 (Whereupon, a recess is taken.)

24 THE VIDEOGRAPHER: Okay. Back on
25 the record, 5:22.

1 MR. HORTON: Counsel, before you
2 begin resuming your questions, we make a
3 request that those questions and answers
4 about [REDACTED] be designated highly
5 confidential under the protective order.

6 MS. STEWART: Okay.

7 BY MS. STEWART:

8 Q. So, Mr. Rapoport, did
9 invest in XRP?

10 A. Yes.

11 Q. Does it currently invest in XRP?

12 MR. GULAY: Objection;

13 foundation.

14 A. I'm not aware of what it currently does
15 since I left the firm.

16 Q. Okay. As of the time you left the firm,
17 did it invest in XRP?

18 A. It -- it had XRP holdings until the end
19 of my time at the firm to the best of my
20 knowledge.

21 Q. Okay. And why did [REDACTED] invest
22 in XRP?

23 MS. BUNTING: Objection.

24 Actually, withdraw. Okay.

25 A. The objective of the fund was to provide

1 diversified exposure to a basket of the -- of the
2 largest most liquid digital assets.

3 Q. Was [REDACTED] goal to also at
4 least sell its XRP holdings and make money?

5 MR. HECKER: Objection to form.

6 A. [REDACTED] was a
7 vehicle that allowed investors to get diversified
8 exposure to a broad basket of digital assets, and
9 it was up to those investors to decide when they
10 wanted to subscribe or redeem from that fund like
11 any other funds that an investment manager
12 manages.

13 Q. Was [REDACTED] investing in XRP in
14 order to use XRP?

15 MR. HORTON: Objection to form.

16 A. The objective of [REDACTED]
17 [REDACTED] fund was to provide investors with a
18 diversified exposure to a basket of digital
19 assets.

20 Q. Okay. So it was for investment
21 purposes, right?

22 MR. HORTON: Objection to form.

23 You can answer.

24 A. I think I can repeat the objective of
25 the fund again. The objective was to provide

1 investors with an exposure to a diversified basket
2 of the largest most liquid digital --

3 THE REPORTER: Repeat, please.

4 A. The objective of the fund was to provide
5 investors with exposure to a diversified basket of
6 the largest most liquid digital assets.

7 Q. Including XRP?

8 A. Including XRP.

9 Q. Has ██████████ interacted with the
10 SEC regarding its digital asset holdings?

11 MR. HORTON: Objection to form.

12 A. I did not personally participate in any
13 interactions with the SEC during my time at ██████████
14 ██████████ but my understanding in speaking with other
15 employees was that the firm did interact with the
16 SEC about its digital asset holdings.

17 Q. Okay. And what is your understanding of
18 the nature of those interactions with the SEC?

19 MR. HORTON: Counsel, I assume
20 you're not asking about any understanding
21 that's derived from communications with
22 ██████████ counsel. I just want to
23 clarify that.

24 MS. STEWART: Correct.

25 MR. HORTON: To the extent you

1 can parse that out, you can answer the
2 question.

3 A. [REDACTED], in my understanding, had a
4 large number of innovative investment products and
5 had frequent discussions, in my understanding,
6 with the SEC on a wide variety of topics
7 concerning a number of different funds. And,
8 again, I wasn't privy to these conversations. But
9 based on how others relayed them to me, my
10 understanding is that [REDACTED] sought guidance
11 about whether or not the digital assets held in
12 the fund were securities or not.

13 Q. Okay. And did [REDACTED] receive such
14 guidance from the SEC?

15 A. My understanding is that despite
16 significant attempts to receive that guidance, I'm
17 not aware that they received any guidance. I
18 don't believe that the SEC provided any guidance
19 to [REDACTED].

20 Q. Did the SEC provide any assurances to
21 [REDACTED] that the digital assets in -- in the
22 [REDACTED] fund were not securities?

23 MR. HORTON: Objection to form.

24 A. To the best of my understanding --
25 which, again, I was not there to witness or hear

1 these conversations, so my understanding is
2 limited to information that was shared with me by
3 others -- I don't believe the SEC provided
4 guidance one way or another of what its views were
5 on -- on whether XRP or any of the other digital
6 assets were or were not securities.

7 Q. Was Mr. Larsen a client of [REDACTED]

8 [REDACTED] during your time with [REDACTED]

9 [REDACTED]

10 MR. HORTON: Objection to form.

11 A. [REDACTED] funds a
12 specific investment vehicle and I don't believe
13 that Mr. Larsen personally invested in that
14 vehicle, but I do believe that he invested in
15 other investment products offered by [REDACTED].

16 Q. And what were those investment products?

17 A. I didn't generally have granular
18 visibility on investor level holdings and
19 Mr. Larsen was no different in that respect, so I
20 don't know the answer.

21 Q. Okay.

22 MS. STEWART: Can we look at 78,
23 please?

24 MR. TENREIRO: Yeah.

25 (Whereupon, exhibit is presented

1 and marked SEC Rapoport Exhibit PR-78 for
2 identification.)

3 MS. STEWART: So PR-78 is Bates
4 numbered RPLI_SEC 235399 through 407.

5 (Pause)

6 BY MS. STEWART:

7 Q. And, Mr. Rapoport, feel free to -- to
8 review the document in its entirety, but I'm not
9 going to ask you any details about the attachment.

10 A. Okay. Well, I've reviewed the cover
11 page.

12 Q. Okay. Why were you sending the [REDACTED]
13 [REDACTED] fund commentary to Mr. Larsen
14 in 2018?

15 A. This was an automated e-mail that would
16 have gone to all investors in the fund. So the
17 fact that he received this suggests to me that he
18 may have been an investor in the fund. But,
19 again, I -- I didn't customarily focus on an
20 investor-level holding detail. I was focused on
21 bigger-picture things. But this is a -- an
22 automated e-mail that went to all investors and
23 some selected other parties.

24 Q. Okay. How many investors does the
25 [REDACTED] fund have?

1 MR. HORTON: Objection to form.

2 At what -- at what period?

3 Q. During your time with [REDACTED]

4 A. On the order of [REDACTED], but the exact
5 number I don't recall.

6 Q. Okay. Did you maintain a Ripple e-mail
7 address after you left Ripple?

8 A. My recollection is that I lost access to
9 Ripple e-mail when I left the firm as is
10 customary.

11 Q. Okay. So going back to the memo we
12 discussed a little bit ago that Ripple got from
13 [REDACTED] in 2015 --

14 A. Yes.

15 Q. -- you sent that memo to Mr. [REDACTED]
16 correct?

17 A. I don't recall whether I sent it to him.

18 Q. You don't recall one way or the other?

19 A. No. I generally have very little
20 recollection of my e-mails from seven years ago.

21 Q. Okay. Do you recall sending the memo to
22 anyone else outside of Ripple?

23 A. I recall the existence of the memo, but
24 the content of it and whether or not I sent it and
25 to how many people, as you can imagine, is

1 difficult to recall from back in 2015 or whenever
2 it was drafted.

3 Q. Okay.

4 MS. STEWART: Let's look at
5 PR-74, which is Bates numbered RPLI_SEC
6 481363 through 75.

7 (Whereupon, exhibit is presented
8 and marked SEC Rapoport Exhibit PR-74 for
9 identification.)

10 BY MS. STEWART:

11 Q. And I'm not going to ask you about the
12 contents of the attachment, just the e-mail.

13 (Pause)

14 A. Okay.

15 Q. Okay. Does this e-mail refresh your
16 recollection that you sent a copy of the Paul
17 Hastings memo to Mr. [REDACTED]

18 A. Yes.

19 Q. Okay. Does it refresh your recollection
20 about whether or not you sent copies of this memo
21 to anyone else outside of Ripple?

22 A. I do generally recall sharing memos on
23 this topic with others. I don't recall to what
24 extent I shared this Paul Hastings memo versus the
25 Perkins Coie memo and, you know, how many people I

1 sent either of them to.

2 Q. And which Perkins Coie memo are you
3 referring to?

4 A. There was one document that we reviewed
5 earlier today that was marked white paper and had
6 [REDACTED] name on it. I don't recall whether
7 that memo from 2013 or earlier or another one was
8 the one that I was sending seven years ago.

9 Q. Do you recall sending a -- a legal
10 opinion from Perkins Coie to anyone outside of
11 Ripple?

12 MR. HORTON: Objection to form.

13 A. That's a very specific request that I
14 don't have recollection of.

15 Q. Okay. Are you aware of anyone else at
16 Ripple sending the Paul Hastings memo to any third
17 parties other than Mr. [REDACTED]?

18 A. I don't recall one way or another.

19 Q. Did you have any discussions with anyone
20 at Ripple about sending the Paul Hastings memo to
21 third parties outside of Ripple?

22 A. I would think I likely discussed it
23 prior to sending it to a third party.

24 Q. Did you have discussions about sending
25 it to third parties in addition to Mr. [REDACTED]?

1 A. I don't recall.

2 Q. I want to look back at Exhibit 65, which
3 should be in your stack. That was the one-page
4 e-mail from Mr. ██████ to you December 21st of 2014.

5 A. I see it.

6 Q. Okay. Here -- here Mr. ██████ says in the
7 third paragraph "If we can somehow get a legal
8 opinion, it will protect Ripple a ton. And
9 especially we are in the process of settling with
10 FinCEN and DOJ. We really do not need the SEC to
11 join the party."

12 Do you see that?

13 A. I do.

14 Q. Did Ripple obtain the Paul Hastings
15 legal memo that we're talking about to address
16 Mr. ██████ concern that "we really do not need the
17 SEC to join the party"?

18 MR. HORTON: Objection.

19 MR. GULAY: Objection. I'm going
20 to instruct the witness not to answer
21 because it calls for privileged
22 information.

23 MS. STEWART: Okay.

24 BY MS. STEWART:

25 Q. What did you understand Mr. ██████ to mean

1 by the statement "We really do not need the SEC to
2 join the party"?

3 MR. GULAY: Objection; calls for
4 speculation.

5 A. Beyond the plain reading of this e-mail,
6 I'm not sure what Mr. [REDACTED] intention was.

7 Q. Did you discuss that statement with him?

8 A. I don't recall whether we discussed this
9 e-mail in person apart from these e-mails.

10 Q. Okay.

11 MS. STEWART: Can we look at 57
12 now, PR-57?

13 (Whereupon, exhibit is presented
14 and marked SEC Rapoport Exhibit PR-57 for
15 identification.)

16 MS. FORBES: To confirm, you said
17 57 or 67?

18 MS. STEWART: Fifty-seven.

19 MS. FORBES: Thank you.

20 (Pause)

21 THE WITNESS: Okay.

22 BY MS. STEWART:

23 Q. Okay. The bottom e-mail in this chain
24 appears to be from a person named [REDACTED].

25 Do you see that?

1 A. I do.

2 Q. Do you know who that person is?

3 A. I don't know who that person is.

4 Q. Okay. Is this -- I think you referred
5 to it before as like a cold request or something
6 of that nature that you received?

7 A. It's unclear from this e-mail who was on
8 the initial e-mail thread, but this seems likely
9 to have been a cold -- cold e-mail.

10 Q. Okay. And how frequently did you
11 receive these types of cold e-mails?

12 A. I recall that there was an account set
13 up to capture those, but I don't recall the volume
14 that were coming through.

15 Q. Okay. Do you have a ballpark for the
16 kind of volume? Was it every day? every week?
17 every once in a while?

18 A. I'd really be guessing. I was getting a
19 large volume of e-mails in general directly and so
20 these were generally not the most -- the focus of
21 my day.

22 Q. Did you respond to all of them?

23 A. No.

24 Q. Okay. Was there some policy for when to
25 respond to these types of e-mails?

1 A. No.

2 Q. Okay. Did you have a practice of which
3 e-mails you responded to and which you didn't?

4 A. No.

5 Q. Do you know why you responded to this
6 particular e-mail?

7 A. I sporadically responded to certain
8 e-mails when I had the time and interest in doing
9 so.

10 Q. Okay. And you said that there was an
11 account set up to capture these types of e-mails?

12 A. There was a distribution group, yes.

13 Q. Okay. Meaning that when the e-mails
14 came in, they went to a certain distribution
15 group?

16 A. Correct.

17 Q. And what was the name of that
18 distribution group?

19 A. Partners@ripple.com.

20 Q. So would those e-mails go to you and
21 certain other people at Ripple?

22 A. I believe they went to the business
23 development team broadly.

24 Q. Okay. Looking at -- at the -- the top
25 e-mail in this chain where you -- you say to [REDACTED]

1 [REDACTED] -- I'm not sure I'm saying that right. [REDACTED]

2 Who is -- who is Mr. [REDACTED]?

3 A. I believe his title was head of
4 developer relations.

5 Q. Okay. You say to him "It's not rocket
6 science. This guy previously would have bought
7 from us directly. We're growing volume and rising
8 price."

9 Do you see that?

10 A. Yes.

11 Q. Okay. And then Mr. [REDACTED] responds
12 "Yep, to the moon."

13 Do you see that?

14 A. Yes.

15 Q. Do you have an understanding of what he
16 meant by that statement?

17 A. That's a colloquial -- colloquialism
18 often used humorously in the digital asset
19 community in meetings and the like.

20 Q. To express what?

21 A. To express a rising price.

22 Q. Okay. When you got these types of cold
23 requests that we're discussing, did you -- did you
24 do any -- any kind of due diligence or take any
25 steps to -- to ascertain why the person was

1 looking to acquire XRP?

2 A. No.

3 Q. Was there a policy or practice at Ripple
4 to take any such steps with respect to cold
5 requests?

6 MR. HORTON: Objection; asked and
7 answered.

8 A. There was no specific policy that I was
9 aware of to inquire why someone was interested in
10 a particular thing.

11 Q. Did anyone ever instruct you to inquire
12 as to why anyone was -- was interested in
13 acquiring XRP? I'm sorry, I don't think I asked
14 that right.

15 Did anyone instruct you to inquire as to
16 the purpose of -- of someone looking to acquire
17 XRP?

18 MR. GULAY: Objection.

19 A. I don't recall receiving such
20 instruction.

21 Q. When we were looking a couple exhibits
22 ago at the statement that Ms. Long had forwarded
23 you that you had commented on and you were talking
24 about Mr. McCaleb's announcement that he was going
25 to sell his XRP at a given price and you said that

1 this created overhang, do you remember that?

2 A. Yes.

3 Q. Okay. What did you mean by "overhang"?

4 A. I think I explained it in the previous
5 answer. What I meant by that term is that if
6 there's a publicly announced large seller of a
7 given asset at a specific price, market
8 participants can reasonably infer that the price
9 of that asset will not rise above that level until
10 all the selling -- the amount for sale was fully
11 consumed. So that effect -- effectively creates
12 an overhang, meaning that the price is not likely
13 to rise above that level unless there's enough
14 buying demands to consume the amount for sale.

15 Q. Okay. And did Ripple take steps to
16 address this overhang?

17 A. Are you asking about Jed McCaleb and his
18 selling specifically?

19 Q. Sure. Let's start with that.

20 A. Ripple Labs entered into a settlement
21 with Jed McCaleb, so, yes.

22 Q. And more generally with respect to
23 overhang, did Ripple take steps to address it?

24 MR. GULAY: Objection to form.

25 A. I believe after I left the company,

1 Ripple Labs put a significant percentage of its
2 holdings into escrow in part to address the
3 market's perception of an overhang.

4 Q. Okay. And -- and why was Ripple trying
5 to address the market's perception of an overhang?

6 MR. GULAY: Objection; calls for
7 speculation.

8 A. I was no longer with the company at the
9 time so it's hard -- not -- not really my place to
10 say.

11 Q. Okay. What about with respect to what
12 you testified the steps Ripple took with respect
13 to Mr. McCaleb's overhang? Why did Ripple take
14 steps to address that overhang?

15 MR. GULAY: Objection.

16 A. I viewed Mr. McCaleb's actions to be
17 deliberately harmful to Ripple Labs and -- and I
18 thought that Mr. McCaleb sought to hurt the goal
19 of the company generally and this was one of a
20 number of other actions that he took.

21 Q. So was the reasons for -- for Rip -- the
22 steps that Ripple took to restore market
23 confidence?

24 MR. HORTON: Object to form.

25 A. I believe, and I think the company

1 believed, that Jed's actions were harmful, and so
2 having him stop those actions were helpful to the
3 company.

4 Q. Were harmful to the company?

5 A. Yes.

6 MS. STEWART: Okay. I have no
7 further questions at this time.

8 MR. GULAY: We have no further
9 questions.

10 THE VIDEOGRAPHER: Okay. All
11 right. This concludes the video
12 deposition of Phillip Rapoport. The time
13 is 5:47. Going off the record.

14 (Whereupon, the deposition
15 concluded at 5:47 p.m.)

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1 STATE OF NEW YORK)

2) ss:

3 COUNTY OF NEW YORK)

4 I hereby certify that the witness in the
5 foregoing deposition, PHILLIP RAPOPORT was by me duly
6 sworn to testify to the truth, the whole truth and
7 nothing but the truth, in the within-entitled cause;
8 that said deposition was taken at the time and place
9 herein named; and that the deposition is a true record
10 of the witness's testimony as reported by me, a duly
11 certified shorthand reporter and a disinterested person,
12 and was thereafter transcribed into typewriting by
13 computer.

14 I further certify that I am not interested in
15 the outcome of the said action, nor connected with nor
16 related to any of the parties in said action, nor to
17 their respective counsel.

18 IN WITNESS WHEREOF, I have hereunto set my
19 hand this 26 day of July, 2021.

20 Reading and Signing was:

21 requested waived not requested.

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BRIDGET LOMBARDOZZI, CSR, RMR, CRR

